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Kucinich Questions Treasury's Assistance to Fannie and Freddie ***Is lifting the cap on assistance a back door TARP?***

Washington DC, December 29--Dennis Kucinich, Chairman of the Domestic Policy Subcommittee of the Committee on Oversight and Government Reform, announced today his Subcommittee will launch an investigation into the Treasury Department's recent decision to lift the current \$400 billion cap on combined federal assistance to Fannie Mae and Freddie Mac, opening the way for additional, unlimited funds through the end of 2012. Kucinich's investigation will include the role played by Fannie Mae chief executive Michael J. Williams and Freddie Mac chief executive Charles E. Haldeman in the decision, if any, and will seek to ensure that the additional assistance is used for homeowners and not Wall Street.

"Many questions remain unanswered regarding this move by the Treasury. Why suddenly remove the cap?", Kucinich asked. "Indications are that Freddie and Fannie, even as millions of Americans lose their homes, have used just \$111 billion of the \$400 billion previously available to them."

"Additionally, I want to determine whether Fannie and Freddie have a cohesive plan to buy up the underperforming mortgages that remain on the books of the big banks, at appropriate prices, and undertake a massive reworking of the terms of the mortgages so as to stem the foreclosure crisis that continues to plague our country," Kucinich said. "This new authority must be used responsibly and for the benefit of American families. This cannot be used simply to purchase toxic assets at inflated prices, thus transferring the losses to the U. S. taxpayers and acting as a back door TARP."

As a result of a curiously-timed Christmas Eve announcement by the Treasury Department, the mortgage giants will have access to unlimited funds without having to come back to Congress. Since the federal government is the majority owner of both companies, their operations will remain under Administration control.

"This relationship between Treasury and Fannie and Freddie bears inspection, particularly in the wake of reports that the mortgage giants' chief executives will now receive \$900,000 each in annual compensation, bonuses of up to \$6 million each, and an additional \$42 million in special compensation will be spread among a dozen other executives."

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